

Message Text

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PAGE 01 BUCHAR 00047 01 OF 02 071437Z

47

ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 USIE-00 SP-02 AID-05 EB-07

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 COME-00 FRB-01 CIAE-00 INR-07 NSAE-00 AGR-05

FEAE-00 L-02 H-01 NEA-09 OPIC-03 SAJ-01 PA-01 PRS-01

OES-03 /090 W

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R 071343Z JAN 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1326

INFO AMEMBASSY BELGRADE

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY VIENNA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE SECTION 1 OF 2 BUCHAREST 0047

PASS USIA/IEE

VIENNA FOR CHAIRMAN CASEY

E.O. 11652: N/A

TAGS: OVIP (CASEY, WILLIAM J.) EFIN, ETRD, RO

SUBJ: EMBASSY'S SUMMARY OF EXIMBANK CHAIRMAN CASEY'S VISIT TO
ROMANIA

1. SUMMARY: IN A FAST-PACED ROUND OF VISITS ON JANUARY 3 AND 4,
CHAIRMAN CASEY MET WITH PRESIDENT CEAUSESCU, PRESIDENTIAL
COUNSELOR PUNGAN, DEPUTY PRIME MINISTER PATAN, AND FOUR OTHER
MINISTERS, ACCOMPANIED BY AMBASSADOR AND THE CHAIRMAN
OF THE ROMANIAN BANK FOR FOREIGN TRADE. CHAIRMAN CASEY
EXPLAINED EXIMBANK OPERATIONS AND ASKED ROMANIANS FOR INFORMATION.

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PAGE 02 BUCHAR 00047 01 OF 02 071437Z

ATION ON UPCOMING PROJECTS FOR WHICH THEY WOULD LIKE EXIMBANK

FINANCING. NEXT SIX MONTHS WILL SEE INTENSTIVE NEGOTIATIONS WITH VARIETY OF US COMPANIES FOR CHEMICAL AND HEAVY MACHINERY PROJECTS FOR 1976-80 FIVE YEAR PLAN. MINISTRY OF AGRICULTURE WILL BE SEEKING TECHNOLOGY AND EQUIPMENT FOR MAJOR RECLAMATION PROJECT AND FOR BUILDING IRRIGATION CANALS. CHOICE OF BAC-111 AIRCRAFT IS "NINETY PERCENT FINAL"--BUT BOEING AND DOUGLAS WILL PRESENT LAST-DITCH OFFERS EARLY THIS WEEK. PRESIDENT CEAUSESCU SAID THAT NO DECISION HAS BEEN TAKEN TO PERMIT FOREIGN OIL COMPANIES TO EXPLORE OFFSHORE BECAUSE OFFERS WERE INADEQUATE THUS FAR. END SUMMARY

2. IN MEETING WITH BANK FOR FOREIGN TRADE CHAIRMAN VASILE VOLOSENIUC, CHAIRMAN CASEY DISCUSSED CURRENT EXIMBANK RANGES FOR PARTICIPATION AND INTEREST. VOLOSENIUC POINTED OUT THAT DECISIONS ON COMPETING IMPORT OFFERS COULD DEPEND UPON WHETHER EXIMBANK'S OFFER WAS CLOSE TO UPPER OR LOWER LIMITS. CHAIRMAN CASEY SAID THE BOARD WOULD DO ITS BEST TO FURTHER EXIMBANK'S EXPANDING RELATIONSHIP WITH ROMANIA.

3. MINISTER OF FINANCE FLOREA DUMITRESCU BRIEFLY DESCRIBED ROMANIA'S NEXT 5-YEAR PLAN AND FINANCIAL POLICY. IN RESPONSE TO QUESTIONS BY CHAIRMAN CASEY, DUMITRESCU SAID THAT ROMANIA'S BALANCE OF PAYMENTS IS EXPECTED TO SHOW A DEFICIT FOR 1974 (ALTHOUGH HE DIDN'T KNOW HOW BIG). HE CONFIRMED RECENT ROMANIAN CONTACTS WITH IRAN AND KUWAIT IN EFFORTS TO OBTAIN CREDITS. DUMITRESCU PROMISED TO PROVIDE A LIST OF POSSIBLE JOINT VENTURES IN THIRD COUNTRIES FOR WHICH US FIRMS AND EXIMBANK FINANCING WOULD BE WELCOME. AFTER ASKING CASEY FOR HIS VIEWS ON GOLD, DUMITRESCU SAID ROLE OF GOLD AS MONETARY INSTRUMENT SHOULD BE CAREFULLY STUDIED--ESPECIALLY IF REVALUATION OF GOLD STOCKS COULD SERIOUSLY AFFECT PRICE OF OIL.

4. MINISTER OF CHEMICAL INDUSTRY MIHAIL FLORESCU DETAILED A LONG LIST OF THE MAJOR PROJECTS HIS MINISTRY WAS ABOUT TO NEGOTIATE WITH AMERICAN FIRMS OVER THE NEXT SIX MONTHS, WITH A TOTAL IMPORT VALUE OF AT LEAST SEVERAL HUNDRED MILLION DOLLARS. HE NOTED THAT ALL WERE REQUIRED FOR 1976-80 5-YEAR PLAN, AND WERE ONLY THE LARGEST AND MOST URGENT AMONG THOSE THAT HAD TO GET UNDERWAY IN 1975. INCLUDED IN THE LIST WAS THE TWO-STAGE, BLACK SEA

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PAGE 03 BUCHAR 00047 01 OF 02 071437Z

REFINERY/PETROCHEMICAL COMPLEX, WHICH COULD INVOLVE UP TO \$300 MILLION IN IMPORTS FROM THE US OVER A 4-YEAR PERIOD. CHAIRMAN CASEY ALSO VISITED THE BRAZI PETROCHEMICAL COMPLEX AND GENERAL TIRE'S RADIAL TIRE FACTORY PROJECT IN FLORESTIT THE FOLLOWING DAY, BOTH OF WHICH WERE ASSISTED BY EXIMBANK FINANCING.

5. MINISTER OF HEAVY MACHINERY IOAN AVRAM OUTLINED HIS

MINISTRY'S PROJECTS WHICH MAY CALL FOR EXTERNAL FINANCING OF \$80 TO \$100 MILLION IN COMING MONTHS, INCLUDING A FACTORY FOR LARGE BEARINGS, MACHINERY FOR MANUFACTURING NEDDLE BEARINGS, AND PREFABRICATING CENTERS FOR HIGH PERFORMANCE MACHINE TOOLS. ROMANIA ALSO INTENDS TO BOTH PURCHASE AND PRODUCE HEAVY CONSTRUCTION EQUIPMENT, WHICH IT WILL NEED FOR THE DANUBE-BLACK SEA CANAL AS WELL AS FOR INTENSIFIED DEVELOPMENT OF IRRIGATION. AVRAM SAID HE INTENDS TO VISIT THE US IN ABOUT 30 TO 40 DAYS, BUT ONLY AFTER PREPARING GROUND FOR CONCRETE TALKS. HE PLANNED TO SEND A GROUP TO THE US FOR EACH MAJOR GROUP OF PROJECTS TO DETERMINE WHAT CAN BE ACCOMPLISHED AND WHEN.

6. MEETINGS WITH DEPUTY PRIME MINISTER ION PATAN AND PRESIDENTIAL COUNSELOR VASILE PUNGAN WERE MORE GENERAL IN NATURE, COVERING BROAD VIEWS OF FINANCE, TRADE AND INDUSTRIAL DEVELOPMENT IN ROMANIA. BOTH INDICATED, IN RESPONSE TO QUESTIONS, THAT THE CHOICE OF MEDIUM-RANGE COMMERCIAL AIRCRAFT WAS NOT YET FINAL ALTHOUGH PATAN SAID IT WAS "90 PERCENT" FINAL IN FAVOR OF BAC 111 AND WOULD PROBABLY BE CONCLUDED IN NEXT FEW DAYS. THE AMBASSADOR SAID THAT BOTH BOEING AND DOUGLAS REPRESENTATIVES WOULD BE IN TOWN MONDAY OR TUESDAY, PRESUMABLY TO MAKE FURTHER OFFERS. PATAN AGREED TO PROVIDE A LIST OF MAJOR PROJECTS COMING UP IN THE NEXT PLAN FROM ALL THE ECONOMIC MINISTRIES. HE SAID THE 1976-80 PLAN WOULD BE IN ITS FINAL FORM IN NEXT MONTH AND HALF.

7. CHAIRMAN CASEY'S MEETING WITH PRESIDENT CEAUSESCU WAS ALSO GENERAL, ALTHOUGH CEAUSESCU EMPHASIZED ROMANIA'S PLANS FOR AGRICULTURAL DEVELOPMENT, ESPECIALLY IRRIGATION. HE SAID THAT NO DECISION HAD BEEN REACHED ON OFFSHORE EXPLORATION BY FOREIGN COMPANIES BECAUSE OF THEIR OFFERS WERE NOT SUFFICIENTLY ATTRACTIVE SO FAR.

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PAGE 04 BUCHAR 00047 01 OF 02 071437Z

8. MORE DETAILED DISCUSSION OF IRRIGATION PLANS, INCLUDING IRRIGATION CANALS, CONTINUED DURING CASEY'S MEETINGS WITH MINISTER OF AGRICULTURE ANGELO MICULESCU. CHAIRMAN CASEY SUGGESTED THAT A MISSION OF US COMPANY EXPERTS MIGHT HELP ROMANIA FORMULATE A PROJECT TO RECLAIM SALINE SOILS. MICULESCU REPLIED THAT THIS WOULD HELP THEM CHOOSE BEST MEANS AND EQUIPMENT, IF MISSION WERE ABLE TO SEE AREA AFTER IT IS IN VEGETATION. CASEY SAID THAT EXIMBANK WOULD LOOK INTO POSSIBILITIES OF SUCH A VISIT SO THAT JOINT COMMISSION COULD CONSIDER A POSSIBLE PROGRAM.

9. EMBASSY COMMENT: ALTHOUGH EVIDENCE HAS BEEN ACCUMULATING THAT MINISTRIES IN PRIORITY SECTORS, PARTICULARLY MINISTRY OF CHEMICAL INDUSTRY, HAVE BEGUN TO PUSH PROJECTS TOGETHER THAT

ARE PLANNED FOR EXECUTION DURING 1976-80, FLORESCU AND AVRAM
OBJECTIVES TO CONCLUDE NEGOTIATIONS IN NEXT FEW MONTHS ARE

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PAGE 01 BUCHAR 00047 02 OF 02 071448Z

47

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INFO OCT-01 EUR-12 ISO-00 USIE-00 SP-02 AID-05 EB-07

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FEAE-00 L-02 H-01 NEA-09 OPIC-03 SAJ-01 PA-01 PRS-01

OES-03 /090 W

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R 071343Z JAN 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1327

INFO AMEMBASSY BELGRADE

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VIENNA FOR CHAIRMAN CASEY

PROBABLY NOT ALL ATTAINABLE. EMBASSY WILL CHECK ON PROMISED LISTS
OF UPCOMING DOMESTIC PROJECTS AND POSSIBLY THIRD-COUNTRY
PROJECTS AND FORWARD THEM WHEN RECEIVED. SIMILARLY, EMBASSY
WILL FORWARD ANY NEW DETAILS TO ASSIST EXIMBANK IN PLANNING

CONTACTS WITH US FIRMS FOR SALINE SOIL RECLAMATION AND IRRIGATION.
BEYOND PROVIDING AN UNUSUALLY BROAD VIEW OF CURRENT THINKING OF
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PAGE 02 BUCHAR 00047 02 OF 02 071448Z

ECONOMIC LEADERSHIP -- AND A SENSE OF URGENCY NOT OFTEN SEEN
AT LOWER LEVELS -- CHAIRMAN CASEY'S COMMENTS MAY HAVE HELPED
ROMANIANS TO FOCUS MORE CLEARLY ON THE REALITIES OF INTERNATIONAL
FINANCE AND CREDIT-WORTHINESS. AT THE SAME TIME, GOR INDICATED ITS
STRONG INTEREST IN BUYING TECHNOLOGY FROM US AND IN EXIMBANK
FINANCING. DRAFT MEMCONS WILL FOLLOW BY POUCH TO EXIMBANK
FOR CLEARANCE AND DISTRIBUTION.

BARNES

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Message Attributes

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